
**State of Washington
Corrective Action Plan*****OMB Circular A-133 Audit
For the Fiscal Year Ended
June 30, 2004***

(This plan only addresses findings reportable under the revised OMB Circular A-133.)

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QC – Questioned Costs

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Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan	
04	01	<p>Finding: The Department of Social and Health Services and the Health Care Authority did not provide the State Auditor's Office with records and resources needed to audit the Medicaid Program in a timely manner as required by Government Auditing Standards and federal regulations.</p> <p>Questioned Costs: <u>CFDA #</u> 93.778 <u>Amount</u> Not specified due to disclaimer of entire program.</p> <p>Status: Corrective action in progress</p> <p>Corrective Action: The Department has taken several steps to ensure a more productive working relationship with the State Auditor's Office (SAO), that requests for data are responded to in a timely manner and that SAO auditors have required access to Department staff. Those steps include:</p> <ul style="list-style-type: none"> • Senior management from DSHS, SAO and the Office of Financial Management (OFM, acting grantee for the statewide single audit) now attend monthly update meetings to immediately resolve issues as they are identified. • Entrance conferences have been scheduled to provide an overview of the SAO work, clarify points of contact, and establish working protocols for data collection and access to DSHS staff. • DSHS has established and identified administration liaisons as to who SAO can communicate with on a day-to-day basis for data, scheduling access to staff, and/or on-site visits as needed. A second tier contact in the DSHS Office of Operations Review exists for issue resolution by either party. DSHS liaisons and the Office of Operations Review staff's roles are to ensure open and transparent access to DSHS. • Employees are instructed to respond with SAO staff requests for data in a timely manner; be available to explain Department records, documents and reports to the auditors; and interact with SAO staff in a professional manner. <p>Completion Date: Ongoing</p>	

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Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan
04	02	<p>Finding: The Department of Social and Health Services, Medical Assistance Administration, did not provide the State Auditor's Office sufficient, reliable and timely records for our audit to determine if payments through the <i>Medicaid Management Information System</i> are made only for services provided before a client's date of death.</p> <p>Questioned Costs: <u>CFDA #</u> <u>Amount</u> 93.778 Not specified, due to disclaimer of entire program.</p> <p>Status: Corrective action in progress</p> <p>Corrective Action: The Department disagrees with the specific finding above and believes it made adequate efforts to provide timely access to accurate data/information, and to assist SAO by performing Social Security Number (SSN) verifications as requested. However, the Department also recognizes that poor communication and misunderstandings by both entities are ultimately to blame for this finding</p> <p>The Department has committed to improve its working relationship with SAO throughout the coming audit year and to resolve any discrepancies or complaints as they occur.</p> <p>The Department is also working to correct any weakness or inaccuracy in the process used to verify SSNs in the Automated Client Eligibility System (ACES). A review of the automated SSN verification of ACES entry was completed on February 4, 2005. In addition, the Department has enhanced procedures, including modifying the interface with the federal database to update nightly, and updating income and Medicare eligibility daily.</p> <p>In cases where the client is deceased, the Department will:</p> <ol style="list-style-type: none"> 1. Continue post-pay review (PRP) utilizing quarterly Department of Health (DOH) death data. PRP receives a quarterly file from DOH and runs it against Medicaid Management Information System (MMIS) data to identify for recovery any claims paid after a client is deceased. An algorithm was run August 20, 2004, and overpayments in the amount of \$73,133.32 were sent to the Office of Financial Recovery for collection. Data results for another run that are currently being validated and will go to collection soon. <p>(Continued)</p>

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Fiscal Year	Finding Number	Finding and Corrective Action Plan	
04	02 (Cont'd)	Corrective Action:	<ol style="list-style-type: none">2. Partner with DOH to develop an on-line interface to DOH death data. The detailed design phase is complete and it was working in a test environment in the last quarter of 2004. DOH is developing the remainder and will be piloting-first in Pierce County (mid-2005) and then in Spokane County "within a few months" after that. Once the system is complete statewide, the Department will be talking with DOH about the interface.3. Partner with DOH for implementation of an automated DOH interface to the new MMIS. This is scheduled for implementation once the new MMIS is in place, in June 2007. Even with this automated interface, post payment review will continue.
		Completion Date:	Estimated, June 2007

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Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan					
04	03	<p>Finding:</p> <p>The Department of Social and Health Services paid providers with Medicaid funds through the Social Services Payment System for services provided to clients using Social Security numbers belonging to deceased persons.</p> <p>Questioned Costs:</p> <table><tr><td><u>CFDA #</u></td><td><u>Amount</u></td></tr><tr><td>93.778</td><td>Not specified, due to disclaimer of entire program.</td></tr></table> <p>Status:</p> <p>Corrective action complete</p> <p>Corrective Action:</p> <p>The Aging and Disability Services Administration (ADSA) issued a management bulletin to all staff with a copy of RCW 9.35.02. The statute defines identity theft in the first degree, and the management bulletin instructed staff on reporting instances of apparent identity theft to the Division of Fraud Investigations. (April 2005)</p> <p>ADSA participates in the Payment Review Program process and the development and implementation of algorithms designed to capture payments made for services after death. This algorithm is re-run quarterly and findings referred to the Office of Financial Recovery or the Medicaid Fraud Control Unit for recovery action.</p> <p>ADSA has reviewed all cases identified by the auditors and referred any identity theft cases to the Division of Fraud Investigations for eventual referral to appropriate legal authorities.</p> <p>Completion Date:</p> <p>April 29, 2005</p>	<u>CFDA #</u>	<u>Amount</u>	93.778	Not specified, due to disclaimer of entire program.	
<u>CFDA #</u>	<u>Amount</u>						
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Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan	
04	04	<p>Finding: The Department of Social and Health Services paid providers with Medicaid funds through the Social Services Payment System for services performed after the date of death.</p> <p>Questioned Costs: <u>CFDA #</u> 93.778 <u>Amount</u> Not specified, due to disclaimer of entire program.</p> <p>Status: Corrective action in progress</p> <p>Corrective Action: The Department receives notice of a client's death through its Automated Client Eligibility System nightly interface with Social Security Administration via the State Data Exchange and the Beneficiary Data Exchange. The Aging & Disability Services Administration will partner with the Medical Assistance Administration and the Department of Health (DOH) to develop an on-line interface to the DOH death data to be piloted-first in Pierce County (mid-2005) and then in Spokane County. Development and implementation will continue until the new Medicaid Management Information System is in place in June 2007. All cases of overpayments identified during the audit will be reviewed for possible referral to the Department's Office of Financial Recovery for collection by May 2005. The Payment Review Program will determine if there are any additional refinements to the algorithm that could more efficiently capture services after death by May 2005.</p> <p>Completion Date: Estimated, June 2007</p>	

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Fiscal Year	Finding Number	Finding and Corrective Action Plan					
04	05	<p>Finding:</p> <p>The Department of Social and Health Services, Medical Assistance Administration, did not provide the State Auditor’s Office reliable, timely records for our audit of services provided to undocumented aliens.</p> <p>Questioned Costs:</p> <table><tr><td><u>CFDA #</u></td><td><u>Amount</u></td></tr><tr><td>93.778</td><td>Not specified, due to disclaimer of entire program.</td></tr></table> <p>Status:</p> <p>Corrective action in progress</p> <p>Corrective Action:</p> <p>The Department disagrees with the finding believing that it delivered reliable, timely records for the audit. The Department also feels that system issues and the complexity of federal laws related to undocumented aliens were the primary sources of the problems encountered by the auditors.</p> <p>The Department is committed to repairing past misunderstandings and miscommunications by proactively making sure that complaints and disputes are resolved quickly and effectively when they occur during current and future audits.</p> <p>On December 15, 2004, the Medical Assistance Administration (MAA) instituted a transitional policy to review federal rules governing services for undocumented aliens for clarity and to re-examine the Department’s past interpretation of these rules. Earlier, in May 2004, MAA had established workgroups to research policies in other states and to recommend changes in Washington procedures by the end of 2005.</p> <p>The Department is procuring a new Medicaid Management Information System (MMIS) that will assist it in resolving issues with receiving and verifying data. The new MMIS will allow the Department to track Social Security numbers more timely and accurately, it will lessen reliance on manually produced data, and it will strengthen the tie between MMIS and the Automated Client Eligibility System.</p> <p>Completion Date:</p> <p>Estimated, June 2007</p>	<u>CFDA #</u>	<u>Amount</u>	93.778	Not specified, due to disclaimer of entire program.	
<u>CFDA #</u>	<u>Amount</u>						
93.778	Not specified, due to disclaimer of entire program.						

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Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan					
04	06	Finding:	The Department of Social and Health Services, Medical Assistance Administration did not provide the State Auditor’s Office with timely records and access to other sources of information needed to audit payments for certain types of procedures.				
		Questioned Costs:	<table><tr><td><u>CFDA #</u></td><td><u>Amount</u></td></tr><tr><td>93.778</td><td>Not specified, due to disclaimer of entire program.</td></tr></table>	<u>CFDA #</u>	<u>Amount</u>	93.778	Not specified, due to disclaimer of entire program.
<u>CFDA #</u>	<u>Amount</u>						
93.778	Not specified, due to disclaimer of entire program.						
		Status:	Corrective action complete				
		Corrective Action:	The Department disagrees with this finding. The auditors’ identification of doubtful procedures or diagnoses that may not be allowable for payment with Medicaid funds was based on a vague request for information regarding prior authorization for 12 clients. Since the auditor did not review detailed records, agency staff randomly sampled 12 percent of the total questioned claims and found that all payments were supported by documentation as evidence of allowability, with the exception of one claim line amounting to \$4.70.				
		Completion Date:	March 31, 2004				

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Fiscal Year	Finding Number	Finding and Corrective Action Plan					
04	07	Finding:	The Health Care Authority and the Department of Social and Health Services, Medical Assistance Administration, did not provide the State Auditor’s Office with the records needed to audit the Basic Health Plus Program as part of Medicaid				
		Questioned Costs:	<table><tr><td><u>CFDA #</u></td><td><u>Amount</u></td></tr><tr><td>93.778</td><td>Not specified, due to disclaimer of entire program.</td></tr></table>	<u>CFDA #</u>	<u>Amount</u>	93.778	Not specified, due to disclaimer of entire program.
<u>CFDA #</u>	<u>Amount</u>						
93.778	Not specified, due to disclaimer of entire program.						
		Status:	Corrective action complete				
		Corrective Action:	<p>The Department disagrees with this finding since these records are the responsibility of the State Health Care Authority (HCA) and the Department properly relayed the auditor’s request to that agency.</p> <p>The Department has coordinated with the Health Care Authority (HCA) and believes this misunderstanding has now been resolved. DSHS also has worked cooperatively with the federal Centers for Medicare and Medicaid Services (CMS), which verified it would not pursue any overpayment of Medicaid dollars as a result of this finding.</p> <p>Medical Assistance Administration (MAA) has raised the standards for achieving quotas in eligibility reviews. The Department has implemented procedures to ensure that the required number of reviews is completed. This was completed February 2004</p> <p>The Department has investigated the auditor’s suggestion that it use the monthly reports from HCA on which subscribers have been disenrolled from Basic Health due to non-compliance with the re-certification process. These records do not appear to serve any useful function for MAA, since the Basic Health subscriber is the parent in the Basic Health household, and their disenrollment would not affect the Basic Health Plus child's Medicaid eligibility.</p> <p>However, HCA does send the Department individual change notices that are acted upon in accordance with existing Medicaid policies. MAA will continue to monitor those notices and ensure changes that result in a child leaving the Medicaid caseload are acted upon immediately.</p> <p>(Continued)</p>				

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Fiscal Year	Finding Number	Finding and Corrective Action Plan	
04	07 (Cont'd)	Corrective Action:	Similarly, MAA investigated potential further use of Department of Employment Security (ESD) quarterly income data but found it does not provide the complete information for determining eligibility. The ESD information also is not current and does not necessarily represent the household's actual earned income in the month of review. In addition, the household may have had allowable deductions that would be applied to the gross earned income, e.g., childcare and work expenses. Similar caveats apply to self-employed households and income changes. Department staff will continue to follow procedures for these areas as provided in the EA-Z manual.
		Completion Date:	February 28, 2004

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Fiscal Year	Finding Number	Finding and Corrective Action Plan	
04	08	<p>Finding: The Department of Social and Health Services, Medical Assistance Administration (MAA), did not provide the State Auditor's Office with reliable, timely records for our audit of Proshare services.</p> <p>Questioned Costs: <u>CFDA #</u> 93.778 <u>Amount</u> Not specified, due to disclaimer of entire program.</p> <p>Status: No action taken</p> <p>Corrective Action: The Department disagrees with this finding. The Department did provide all requested information. It is important to note that the ProShare program is being phased out pursuant to an agreement between Washington State and the federal Department of Human and Health Services (HHS). This was not written into the Medicaid State Plan, but was confirmed by HHS staff during the audit.</p> <p>Completion Date: N/A</p>	

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Fiscal Year	Finding Number	Finding and Corrective Action Plan	
04	09	<p>Finding: The Department of Social and Health Services, Aging and Disability Services Administration, did not provide the State Auditor's Office with timely records we needed to determine if Medicaid payments are made only to nursing homes meeting federal health and safety standards.</p> <p>Questioned Costs: <u>CFDA #</u> 93.778 <u>Amount</u> Not specified, due to disclaimer of entire program.</p> <p>Status: Corrective action complete</p> <p>Corrective Action: The Department disagrees with this finding. The information needed to complete this audit comes directly from the Centers for Medicare and Medicaid Services (CMS). The information available through the Aging and Disabilities Services Administration (ADSA) cannot be used to determine a payment decision made by CMS. CMS makes payment decisions on nursing homes that are out of compliance with health and safety standards. The process begins when ADSA recommends to CMS that they impose the Denial of Payment for New Admissions remedy. CMS reviews the data supplied by ADSA. If CMS agrees the ADSA's recommendations, CMS communicates the denial of payment decisions directly to the Medical Assistance Administration.</p> <p>ADSA has taken steps to improve working relations with the State Auditor's Office (SAO) staff. ADSA provided training on February 24, 2005, to regional administrators, field managers, and key headquarter staff regarding the need to provide timely access to the information and resources SAO needs to complete its audits and ensure staff understand the role of independent audits.</p> <p>Completion Date: February 24, 2005</p>	

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Fiscal Year	Finding Number	Finding and Corrective Action Plan					
04	10	<p>Finding:</p> <p>The Department of Social and Health Services, Division of Developmental Disabilities, does not have adequate internal controls over its pharmacy drug inventory purchased with Medicaid funds.</p> <p>Questioned Costs:</p> <table><tr><td><u>CFDA #</u></td><td><u>Amount</u></td></tr><tr><td>93.778</td><td>Not specified, due to disclaimer of entire program.</td></tr></table> <p>Status:</p> <p>Corrective Action:</p> <p>A Process Improvement Team was chartered to design inventory practices that ensure control of scheduled and non-scheduled prescription and over-the-counter drugs. The team defined mechanisms for tracking and monitoring inventory distribution. (April 2005)</p> <p>Regarding specific conditions of the finding:</p> <ul style="list-style-type: none">• Fircrest School and Rainier School have implemented segregation of ordering and receiving duties. (August 2004)• Yakima Valley School, Lakeland Village, and Fircrest School have drugs held for destruction locked in cabinets. (December 2004)• Fircrest School has implemented inventory control processes by constructing an on-line inventory system with perpetual inventories; using the Worx system for dispensing drugs; using a “Controlled Substance Record” book, accounting for returned medications, and the pharmacy director conducting monthly inventories. (July 2004).• Fircrest School has upgraded its alarm system. (September 2004).• Fircrest School and Rainier School now lock all schedule II, III, IV, and V drugs. (August 2004) <p>Rainier School sought and received clarification of WAC 246.865.060 (6)(d) by the Washington State Board of Pharmacy. The Board investigator confirmed that the pharmacy is in compliance with the WAC.</p> <p>Completion Date:</p>	<u>CFDA #</u>	<u>Amount</u>	93.778	Not specified, due to disclaimer of entire program.	
<u>CFDA #</u>	<u>Amount</u>						
93.778	Not specified, due to disclaimer of entire program.						
		April 29, 2005					

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Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan					
04	11	Finding:	The Department of Social and Health Services, Medical Assistance Administration, is not complying with federal regulations that require people receiving Medicaid payments to have valid Social Security numbers.				
		Questioned Costs:	<table><tr><td><u>CFDA #</u></td><td><u>Amount</u></td></tr><tr><td>93.778</td><td>Not specified, due to disclaimer of entire program.</td></tr></table>	<u>CFDA #</u>	<u>Amount</u>	93.778	Not specified, due to disclaimer of entire program.
<u>CFDA #</u>	<u>Amount</u>						
93.778	Not specified, due to disclaimer of entire program.						
		Status:	Corrective action in progress				
		Corrective Action:	<p>The Department disagrees with this finding. The Automated Client Eligibility System (ACES) is the System of Record for Medicaid eligibility, and the validation of Social Security numbers (SSN) occurs in that system. There is no additional federal or State Plan requirement to verify the SSN in the payment system. The Medicaid Management Information System (MMIS) is required to include the SSN as a data element (per State Medicaid Manual Chapter 11), but payment is based on client identifier, which relies on eligibility information collected and passed to MMIS from ACES.</p> <p>The Department is addressing previously identified deficiencies and is working to improve SSN accuracy within MMIS. In response to the 2003 finding, the Department convened a workgroup to review options to enhance established procedures related to verification of SSN in the ACES. The ACES-Federal interface was modified February 4, 2005, to use State Data Exchange/Wire Third Party Query (WTPY) for SSN verification on a nightly basis.</p> <p>A cross-agency workgroup was established in November 2004 to review and assess interface issues, provide recommendations, and work with the vendor of the new MMIS to develop a new ACES/MMIS interface. The workgroup will continue to meet regularly until the new MMIS is implemented in June 2007.</p>				
		Completion Date:	Estimated, June 2007				

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Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan					
04	12	Finding:	The Department of Health and the Department of Social and Health Services, Medical Assistance Administration, are not complying with state law or the provisions of the Medicaid State Plan that help to ensure compliance with health and safety standards for hospitals.				
		Questioned Costs:	<table><tr><td><u>CFDA #</u></td><td><u>Amount</u></td></tr><tr><td>93.778</td><td>Not specified, due to disclaimer of entire program.</td></tr></table>	<u>CFDA #</u>	<u>Amount</u>	93.778	Not specified, due to disclaimer of entire program.
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93.778	Not specified, due to disclaimer of entire program.						
		Status:	Corrective action in progress				
		Corrective Action:	<p>The Department disagrees with the timing of this finding. The action documented below was completed before the audit was finished and ensures that the state is now in compliance with the state plan.</p> <p>The Department filed an amendment to the state plan with the Center for Medicare and Medicaid Services, which was subsequently approved retroactive to July 2004. The amendment was approved November 1, 2004.</p> <p>The Department is working with the Department of Health to update the current Memorandum of Understanding (MOU) to include all provisions required by law. The MOU is expected to be complete by December 1, 2005.</p>				
		Completion Date:	Estimated, December 2005				

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Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan					
04	13	Finding:	The Department of Social and Health Services, Medical Assistance Administration does not ensure that providers of motorized wheelchairs have the documentation required to substantiate claims for payment.				
		Questioned Costs:	<table><tr><td><u>CFDA #</u></td><td><u>Amount</u></td></tr><tr><td>93.778</td><td>Not specified, due to disclaimer of entire program.</td></tr></table>	<u>CFDA #</u>	<u>Amount</u>	93.778	Not specified, due to disclaimer of entire program.
		<u>CFDA #</u>	<u>Amount</u>				
		93.778	Not specified, due to disclaimer of entire program.				
		Status:	No action taken.				
Corrective Action:	The Department disagrees with this finding. The claims in question were paid by Medicare, as the primary payer. As the primary payer, Medicare ensures that documentation and billing requirements are met. As secondary payer, Medicaid relies on Medicare to ensure documentation and that billing requirements are met by equipment providers. There is no length-of-need requirement in federal guidelines, and Medicaid cannot deny payment of a crossover claim if the claim meets Medicare rules.						
Completion Date:	N/A						

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Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan					
04	14	<p>Finding:</p> <p>The Department of Social and Health Services, Medical Assistance Administration does not perform adequate reviews of providers of durable medical equipment to ensure the providers exist, are properly licensed, and have submitted accurate information.</p> <p>Questioned Costs:</p> <table><tr><td><u>CFDA #</u></td><td><u>Amount</u></td></tr><tr><td>93.778</td><td>\$0</td></tr></table> <p>Status:</p> <p>Corrective action in progress</p> <p>Corrective Action:</p> <p>The Department disagrees with this finding because it believes its reviews of providers meet Medicaid standards. Medical Assistance Administration currently verifies business licenses and tax identification numbers and runs the names of these providers against a national provider fraud database.</p> <p>The Department is procuring a new Medicaid Management Information System (MMIS) that will have the ability to verify both business and professional licenses and identify expired business licenses. Implementation of the new MMIS is scheduled in June 2007.</p> <p>The Department is partnering with the Department of Health to develop a verification system that can check providers’ site locations and phone numbers through a reverse directory search. Completion of this research, including cost estimates and justification for the new system, is targeted for June 30, 2005.</p> <p>The Department also will explore a system for ongoing review and confirmation of provider licenses with the Department of Revenue.</p> <p>Completion Date:</p> <p>Estimated, June 2007</p>	<u>CFDA #</u>	<u>Amount</u>	93.778	\$0	
<u>CFDA #</u>	<u>Amount</u>						
93.778	\$0						

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Fiscal Year	Finding Number	Finding and Corrective Action Plan		
04	15	Finding:	The Department of Social and Health Services, Medical Assistance Administration, does not have adequate internal controls in its Medicaid Management Information System to prevent payments to providers with expired licenses.	
		Questioned Costs:	<u>CFDA #</u> 93.778	<u>Amount</u> \$0
		Status:	Corrective action complete	
		Corrective Action:	The Department initiated a Medicaid Management Information System change request on January 3, 2005, to assure that claims are denied when the license of the performing provider has expired. The change was tested the week of January 24 through 28, 2005, and implemented January 29 and 30, 2005.	
		Completion Date:	February 1, 2005	

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Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan					
04	16	Finding:	The Department of Social and Health Services' Medical Assistance Administration and the Office of Accounting Services have not complied with federal regulations requiring the federal portion of cancelled warrants to be refunded to the Medicaid Program.				
		Questioned Costs:	<table><tr><td><u>CFDA #</u></td><td><u>Amount</u></td></tr><tr><td>93.778</td><td>Not specified, due to disclaimer of entire program.</td></tr></table>	<u>CFDA #</u>	<u>Amount</u>	93.778	Not specified, due to disclaimer of entire program.
<u>CFDA #</u>	<u>Amount</u>						
93.778	Not specified, due to disclaimer of entire program.						
		Status:	Corrective action complete				
		Corrective Action:	The Office of Accounting Services (OAS) has established more effective monitoring procedures to ensure Medicaid Management Information System warrant cancellations are processed correctly. As of November 2004, OAS designated one manager to oversee the Agency Financial Recording System error reporting process and reviewed its current procedures to determine if some controls could be strengthened. OAS made changes to improve its communication with the Medical Assistance Administration warrant cancellation staff as of January 2005. The error that caused the financial condition cited has been corrected. The federal funds have been remitted to the federal government in October 2004 through the federal draw process and the correction was noted on the Medicaid claim (CMS-64) filed for the December 2004 quarter.				
		Completion Date:	January 28, 2005				

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Fiscal Year	Finding Number	Finding and Corrective Action Plan	
04	17	<p>Finding: The Department of Social and Health Services' Office of Accounting Services has not complied with federal regulations requiring the federal portion of uncashed warrants to be refunded to the Medicaid Program.</p> <p>Questioned Costs: <u>CFDA #</u> 93.778 <u>Amount</u> Not specified, due to disclaimer of entire program.</p> <p>Status: Corrective action complete</p> <p>Corrective Action: The Department's Office of Accounting Services (OAS) cross-trained additional staff to support processing statute of limitation (SOL) warrants. OAS has developed effective monitoring procedures to identify and ensure SOL warrants pertaining to Medicaid and all other funding sources are properly addressed so that refunds to federal programs occur in a timely manner in December 2004. The SOL warrants in question have been processed and the resultant Medicaid funds have been refunded to the federal government, which included interest, through the federal draw process and are included in the 2004 Third Quarter Medicaid (CMS-64) and CHIPS (CMS-21) claims in December 2004.</p> <p>Completion Date: December 30, 2004</p>	

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Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan	
04	18	<p>Finding: The Department of Social and Health Services, Health and Rehabilitative Services Administration is not in compliance with the federal Medicaid requirements for reporting on adult victims of residential abuse.</p> <p>Questioned Costs: <u>CFDA #</u> 93.778 <u>Amount</u> \$0</p> <p>Status: Corrective action in progress</p> <p>Corrective Action: The Department's Division of Alcohol and Substance Abuse (DASA) will revise policy to refer information received by DASA regarding the abuse, neglect, or financial exploitation of a Medicaid client to appropriate organizations including the Medicaid Fraud Control Unit (MFCU) within the Attorney General's Office by June 2005. The Department's Mental Health Department will revise policy and initiate and implement policies and procedures supporting the agency wide policy. Western State Hospital, Eastern State Hospital, and the Child Study and Treatment Center will include a statement in their patient abuse policy that the MFCU will be notified of any patient abuse, neglect, and/or financial exploitation by June 2005.</p> <p>Completion Date: Estimated, June 2005</p>	

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Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan					
04	19	Finding:	The Department of Social and Health Services' Medical Assistance Administration and Division of Child Support have inadequate internal controls to ensure compliance with Medicaid requirements to identify third parties, usually insurance companies, responsible for payments for medical services.				
		Questioned Costs:	<table><tr><td><u>CFDA #</u></td><td><u>Amount</u></td></tr><tr><td>93.778</td><td>Not specified, due to disclaimer of entire program.</td></tr></table>	<u>CFDA #</u>	<u>Amount</u>	93.778	Not specified, due to disclaimer of entire program.
<u>CFDA #</u>	<u>Amount</u>						
93.778	Not specified, due to disclaimer of entire program.						
		Status:	Corrective action complete				
		Corrective Action:	<p>Claims coded "0000" have been replaced with code "ZZ00" to raise the visibility above that of a miscellaneous category and for the Division of Child Support to alert Coordination of Benefits (COB) staff of possible health insurance.</p> <p>The COB section reviewed all cases of carrier code "000" and "0000" for the audit period. Any third parties, who were not previously billed, were billed through the normal Medicaid Management Information System billing system. This work began September 25, 2004 and was completed October 28, 2004. Approximately 5760 cases were reviewed.</p>				
		Completion Date:	October 28, 2004				

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Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan					
04	20	Finding:	The Department of Social and Health Services, Medical Assistance Administration has not established sufficient internal controls to ensure that rates paid to its Healthy Options managed care providers are based on accurate data.				
		Questioned Costs:	<table><tr><td><u>CFDA #</u></td><td><u>Amount</u></td></tr><tr><td>93.778</td><td>\$0</td></tr></table>	<u>CFDA #</u>	<u>Amount</u>	93.778	\$0
<u>CFDA #</u>	<u>Amount</u>						
93.778	\$0						
		Status:	No action taken.				
		Corrective Action:	The Department disagrees with this finding. The Department is in compliance with the Centers for Medicare and Medicaid Services (CMS) regulations requiring progress reports. CMS has not indicated that the Department has an inadequate rate-setting process. Information confirming the rate setting process was submitted to CMS on August 10, 2004. No response has been received indicating disagreement with the information submitted.				
		Completion Date:	N/A				

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Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan					
04	21	Finding:	The Department of Social and Health Services, Medical Assistance Administration, is not complying with federal requirements to report Medicaid expenditures properly.				
		Questioned Costs:	<table><tr><td><u>CFDA #</u></td><td><u>Amount</u></td></tr><tr><td>93.778</td><td>\$0</td></tr></table>	<u>CFDA #</u>	<u>Amount</u>	93.778	\$0
<u>CFDA #</u>	<u>Amount</u>						
93.778	\$0						
		Status:	Corrective action in progress				
		Corrective Action:	<p>The Department disagrees with this finding as applied to State Fiscal Year (SFY) 2004. As a result of an audit finding from 2003, the Medical Assistance Administration (MAA) has reported expenditures for undocumented aliens on the CMS-64 report, effective April 1, 2004. The SFY 2004 audit should reflect all activities from July 1, 2003, through June 30, 2004. On at least two separate occasions, MAA advised SAO that it had established appropriate coding to report this line item effective April 2004.</p> <p>The Department has contracted with a vendor to develop a new Medicaid Management Information System to dramatically enhance the processing of Medicaid transactions. This new system will specifically address the agency’s ability to distinguish between emergency services and non-emergency services. This ability and the use of a functional medical eligibility code will allow the system to automatically assign account coding that will identify the expenditure as alien emergency medical. Implementation is expected by June 2007.</p> <p>In the interim, the Department has set up, effective June 18, 2004, specific account coding in the Agency Financial Reporting System (H1188) to be used for Alien Emergency Medical (AEM) expenditures and currently uses this coding to report them on line 27 of the CMS-64 Form, which is filed quarterly.</p> <p>Currently MAA runs a query on a quarterly basis of the Automated Client Eligibility System to identify all clients with a medical eligibility code of “2” and sends the Office of Accounting Services an adjustment to move the expenditures associated with these clients to the coding that has been set up to identify them as AEM.</p>				
		Completion Date:	Estimated, June 2007				

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Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan					
04	22	Finding:	The Department of Social and Health Services, Aging and Disability Services Administration, does not have sufficient internal controls to ensure it is complying with both subrecipient monitoring and matching requirements for the Medicaid Program.				
		Questioned Costs:	<table><tr><td><u>CFDA #</u></td><td><u>Amount</u></td></tr><tr><td>93.778</td><td>\$0</td></tr></table>	<u>CFDA #</u>	<u>Amount</u>	93.778	\$0
<u>CFDA #</u>	<u>Amount</u>						
93.778	\$0						
		Status:	Corrective action in progress				
		Corrective Action:	The Department initiated scheduling of on-site monitoring visits with all Area Agencies on Aging, starting in April 2005. Risk assessments will be completed prior to the on-site visit to determine the degree of monitoring performed. The monitoring visits will include review of all Skilled Professional Medical Personnel charges, verification that staff are working for the agency, and verification of required match for federal funds. Supporting documentation for reimbursements requests will be reviewed during the on-site monitoring visits.				
		Completion Date:	Estimated, December 2005				

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Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan					
04	23	Finding:	The Department of Social and Health Services, Economic Services Administration, should improve compliance with eligibility requirements for the Temporary Assistance for Needy Families Program (TANF).				
		Questioned Costs:	<table><tr><td><u>CFDA #</u></td><td><u>Amount</u></td></tr><tr><td>93.558</td><td>\$19,965</td></tr></table>	<u>CFDA #</u>	<u>Amount</u>	93.558	\$19,965
<u>CFDA #</u>	<u>Amount</u>						
93.558	\$19,965						
		Status:	Corrective action in progress				
		Corrective Action:	<p>Social Security numbers (SSNs) are, and will continue to be, matched and verified by searching Social Security Administration’s (SSA) databases. Recently made changes to the electronic interface between DSHS and SSA provide a broader search of SSA’s databases. There are also improvements being made to State On-Line Query interface with SSA that will greatly enhance the capability to identify accurate SSNs.</p> <p>Field staff have been, and will continue to be, trained on the improved capabilities to identify, investigate and resolve invalid numbers.</p> <p>As of February 2005, staff have also been trained to ensure TANF recipients do not receive benefits from more than one assistance unit.</p> <p>The Community Services Division will continue to process overpayment recovery actions on those cases found to be in error.</p>				
		Completion Date:	Estimated, August 2005				

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Employment Security Department (ESD)

Fiscal Year	Finding Number	Finding and Corrective Action Plan					
04	24	Finding:	The Department of Employment Security paid at least \$142,847 in unemployment insurance benefits to claimants who were not eligible. The Department also overpaid and underpaid eligible claimants by \$18,873 and \$5,150, respectively. In addition, we estimated that payments totaling more than \$185,000 were made to claimants during their first week of unemployment, which is prohibited by state law.				
		Questioned Costs:	<table><tr><td><u>CFDA #</u></td><td><u>Amount</u></td></tr><tr><td>17.225</td><td>\$351,870</td></tr></table>	<u>CFDA #</u>	<u>Amount</u>	17.225	\$351,870
<u>CFDA #</u>	<u>Amount</u>						
17.225	\$351,870						
		Status:	Corrective Action in Progress				
		Corrective Action:	<p>The ESD continues to perform extensive cross matches, data mining and other fraud prevention and detection efforts for the Unemployment Insurance (UI) program. This includes a cross match with the Social Security Administration. These processes should reduce or eliminate payments to individuals using invalid social security numbers or numbers belonging to the deceased.</p> <p>Agency staff are currently developing a weekly Unemployment Insurance/Labor and Industries (L&I) cross match designed to immediately identify those claimants who have filed for and are receiving UI and workers compensation benefits simultaneously. Agency staff will work the system-generated report and establish procedures to eliminate overpayment and fraud activity. The agency is also working with the Department of Labor and Industries to improve coordination and communication when back pay awards of workers compensation benefits occur.</p> <p>To address issues related to proper payment of benefits to claimants receiving pensions, the agency has updated pension deduction charts with percentages to be used by each pension type. Also, additional training has been provided to staff to ensure accuracy of pension deductions.</p> <p>(Continued)</p>				

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Employment Security Department (ESD)

Fiscal Year	Finding Number	Finding and Corrective Action Plan	
04	24 (Cont'd)	Corrective Action:	<p>Agency staff has implemented programming changes to prevent payment during a claimant's waiting week. In addition, an exception report will be generated to identify any potential waiting week payments not prevented by the programming changes. System implementation took place April 1, 2005. Evaluation of these changes will occur to ensure they are effective in resolving the waiting week issue. Once that occurs, the agency will consider the corrective action complete.</p> <p>Actions taken by the agency have been effective in reducing the exceptions noted by the auditors in the Unemployment Insurance benefit payment processes. The agency recognizes there are still improvements that need to be made and is continuing to work on corrective action as detailed above.</p>
		Completion Date:	Estimated, June 2005

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Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan							
04	25	Finding:	The Department of Social and Health Services, Division of Child Care and Early Learning, does not have adequate internal controls over support for payments made to child care providers.						
		Questioned Costs:	<table><tr><td><u>CFDA #</u></td><td><u>Amount</u></td></tr><tr><td>93.575</td><td>\$1,100,000</td></tr><tr><td>93.596</td><td></td></tr></table>	<u>CFDA #</u>	<u>Amount</u>	93.575	\$1,100,000	93.596	
		<u>CFDA #</u>	<u>Amount</u>						
		93.575	\$1,100,000						
		93.596							
		Status:	Corrective action in progress						
Corrective Action:	<p>The Department partly concurs with this finding. The Department has addressed the attendance deficiencies by making a change in Washington Administrative Code (WAC). On October 1, 2004, the WAC was changed to require that providers have the parent or custodian sign their children in and out of care. Attendance records must include the date, child's name, time in, time out, and a certifying signature of either a parent or custodian.</p> <p>The Division of Child Care and Early Learning (DCCEL) developed a non-mandatory attendance form that may be used by providers. The form is not mandatory because the type of care and attendance needs can vary greatly from one facility to the next, a fact made very clear by the providers at the WAC amendment hearings. A single form to meet all providers' needs was determined to be unrealistic.</p> <p>By March 2005, the Division of Fraud Investigations reviewed ten percent of the in-home providers to ensure in-home childcare is occurring in the child's home by March 2005. Operations Review and Consultation will monitor subsidy payments to six targeted childcare centers by June 2006.</p> <p>By September 2005, DCCEL will coordinate with the Payment Review Program to identify and collect duplicate payments through the use of algorithms. Three duplicate payment algorithms will be run and overpayments notices sent to the providers.</p>								
Completion Date:	Estimated, June 2006								

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Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan					
04	26	Finding:	The Department of Social and Health Services, Economic Services Administration wrote-off childcare overpayments to providers without adequate support and inappropriately decreased amounts owed to the Department by child care providers.				
		Questioned Costs:	<table><tr><td><u>CFDA #</u></td><td><u>Amount</u></td></tr><tr><td>93.575</td><td>\$0</td></tr></table>	<u>CFDA #</u>	<u>Amount</u>	93.575	\$0
<u>CFDA #</u>	<u>Amount</u>						
93.575	\$0						
		Status:	N/A				
		Corrective Action:	<p>The Department does not concur with this finding. An over payment amount can’t be determined without giving the provider notice of due process.</p> <p>All providers who receive a Vendor Overpayment Notice have the right to due process that includes the right to an Administrative Hearing. Part of the pre-hearing process is the review of additional documentation. Reviewing additional attendance documentation is standard pre-hearing practice.</p>				
		Completion Date:	N/A				

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Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan	
04	27	<p>Finding: The Department of Social and Health Services, Division of Child Care and Early Learning, does not ensure that all recovered overpayments are credited to the appropriate funding source.</p> <p>Questioned Costs: <u>CFDA #</u> <u>Amount</u> Undetermined \$0</p> <p>Status: Corrective action in progress</p> <p>Corrective Action: The Department's Client Receivable System (CRS) is being modified to include detailed expenditure code and historical funding source code information regarding Division of Child Care and Early Learning client overpayments. The additional detail will allow the extraction of collection reports that isolate individual client overpayments by funding source and track individual overpayment recoveries by funding source. Testing of the modifications began in April 2005, and the modifications, are to be operational by the end of June 2005.</p> <p>Recoveries will be posted both to individual records in CRS and other agency accounting records with sufficient detail to identify funding source.</p> <p>Completion Date: Estimated, June 2005</p>	

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Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan					
04	28	Finding:	The Department of Social and Health Services, Economic Services Administration, did not properly monitor its contract with a non-profit organization that billed for services it did not provide.				
		Questioned Costs:	<table><tr><td><u>CFDA #</u></td><td><u>Amount</u></td></tr><tr><td>10.561</td><td>\$550,000</td></tr></table>	<u>CFDA #</u>	<u>Amount</u>	10.561	\$550,000
<u>CFDA #</u>	<u>Amount</u>						
10.561	\$550,000						
		Status:	Corrective action in progress				
		Corrective Action:	<p><u>The Department disagrees with the questioned costs amount.</u> The contract included a 50% local match funded by the contractor and their subcontractors. Approximately 50% of the contract is funds expended by the contractor and their subcontractors without Federal or State ties.</p> <p><u>Actions taken and to be taken by the Department</u></p> <ol style="list-style-type: none">1. Following a report by an employee of the non-profit that the executive director of the non-profit was encouraging staff to submit billings for services not provided, staff of the Division of Employment and Assistance Programs (DEAP) conducted an immediate on premises review. Finding sufficient evidence that fraudulent billings were taking place, DEAP requested a full investigation by DSHS' Division of Fraud Investigations.2. A report was filed with the appropriate law enforcement agency and the federal funding agency was notified.3. The Division of Fraud Investigations asked the Office of State Auditor to review their investigation. The Office of State Auditor agreed with the results of the investigation, added this finding of failing to properly monitor the non-profit and requested the Pierce County Prosecutor to intervene.4. The non-profit immediately removed its executive director and pledged full cooperation with the investigation.5. DEAP considered canceling the contract, but rejected that option considering the cooperation being extended by the non-profit. Every client contract processed by the non-profit and submitted for payment was reviewed and a signature verified certifying service received from December 2003 through September 2004. DEAP will conduct a review of all Basic Food Education and Outreach contracts to assure actual client contacts are being made. It is expected that this will be completed by September 2005. <p>(Continued)</p>				

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Fiscal Year	Finding Number	Finding and Corrective Action Plan	
04	28 (Cont'd)	Corrective Action:	<p>6. DEAP was initially advised not to process claims for overpayment until the County Prosecutor's case was established. That hold was recently removed and Department personnel are reviewing documents to establish an accurate amount of the overpayment. Once the amount has been established, and approved by DSHS upper management, a request for repayment will be issued to the non-profit.</p> <p><u>Current certification procedures used to ensure payment is being made for services received.</u></p> <p>There are two types of certification currently required:</p> <ol style="list-style-type: none">1. A copy of the signature page of the application is used for certification of those clients who are assisted with filling out the application with the contractor.2. A document with the client's name, signature, phone number and date of birth or Social Security Number is used for certification of those clients who are assisted with information regarding the Basic Food program with the contractor.
		Completion Date:	Estimated, September 2005

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Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan					
04	29	Finding:	The Department of Social and Health Services, Children’s Administration, paid through the Social Services Payment System for services performed after a client’s date of death.				
		Questioned Costs:	<table><tr><td><u>CFDA #</u></td><td><u>Amount</u></td></tr><tr><td>93.659</td><td>\$8,275</td></tr></table>	<u>CFDA #</u>	<u>Amount</u>	93.659	\$8,275
		<u>CFDA #</u>	<u>Amount</u>				
		93.659	\$8,275				
		Status:	Corrective action in progress				
Corrective Action:	<p>The Children’s Administration (CA) has:</p> <ul style="list-style-type: none">Met with the Department’s Research and Data Analysis (RDA) in April 2005, to determine how to get child death information from RDA’s database. The Department of Health (DOH) interfaces with RDA’s database with lists of deaths that have occurred in Washington State.Ensured that all regions and headquarters have written warrant cancellation/receipt of negotiable procedures and that appropriate staff are aware of the procedures. (April 2005) <p>The Children’s Administration ran a list of child deaths from RDA’s database and compared the names to payment data from other computer systems in April 2005. A request will be made that this function be programmed when CA gets its new computer system. Language will be added to contracts (by July 2005) requiring notification of clients’ deaths in a timely manner.</p> <p>The Division of Fraud Investigations (DFI) reviewed these payments and determined that \$14,997.64 in warrants were endorsed and cashed illegally. In addition, inappropriate Social Security Insurance payments were found and the Social Security Administration was contacted. Initial investigation by DFI also disclosed a client was using two separate identifications. A joint investigation by DFI and the Social Security Administration will be launched in May 2005. The additional investigation time has delayed referral of the case for prosecution.</p>						
Completion Date:	Estimated, July 2005						

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Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan					
04	30	<p>Finding:</p> <p>The Department of Social and Health Services, Mental Health Division, did not comply with state and federal regulations when contracting for services paid with federal Community Mental Health Services Block Grant funds.</p> <p>Questioned Costs:</p> <table><tr><td><u>CFDA #</u></td><td><u>Amount</u></td></tr><tr><td>93.958</td><td>\$810,862</td></tr></table> <p>Status:</p> <p>Corrective action complete</p> <p>Corrective Action:</p> <p>The Mental Health Division (MHD) has taken steps to address the specifics of this finding regarding improper classification of contracts between personal service and client service and executing contracts after their start dates. Contracts were misclassified due to lack of understanding on the part of contracting staff and lack of required verification by the MHD accounting section.</p> <p>All staff has been informed of the requirements for correct classification. Additionally, the Accounting Section now reviews contracts to ensure correct classification. Contracts Managers also review classification prior to approving contracts.</p> <p>The Division issued verbal and written instructions to improve procedures for ensuring contracts are signed prior to commencing services. This included a revision to the MHD Contract Policy 6.02, in March 2005.</p> <p>Contracts Managers inform program staff that contracts are executed prior to the services being commenced.</p> <p>Completion Date:</p> <p>March 31, 2005</p>	<u>CFDA #</u>	<u>Amount</u>	93.958	\$810,862	
<u>CFDA #</u>	<u>Amount</u>						
93.958	\$810,862						

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Office of Superintendent of Public Instruction (OSPI)

Fiscal Year	Finding Number	Finding and Corrective Action Plan					
04	31	<p>Finding:</p> <p>The Office of Superintendent of Public Instruction did not comply with state and federal requirements when contracting for services paid with federal Title I funds.</p> <p>Questioned Costs:</p> <table><tr><td><u>CFDA #</u></td><td><u>Amount</u></td></tr><tr><td>84.010</td><td>\$0</td></tr></table> <p>Status:</p> <p>Corrective Action in Progress</p> <p>Corrective Action:</p> <p>The Director of Agency Financial Services has instructed staff to carefully review all contracted services to ensure agency contracts are correctly classified and procured.</p> <p>The Contracts Administrator, who has the centralized responsibility for the contracting process, issued to all staff involved in contracts management both verbal directions and written instruction that included:</p> <ul style="list-style-type: none">For the purpose of contracting, OSPI has only two clients - K-12 students and their families/parents.All new contracts and any renewal of existing contracts will be classified as personal services unless they provide direct services to K-12 students and/or families/parents.All contracts classified as personal service contracts will be subject to all rules and regulations of the Revised Code of Washington (RCW) 39.29 including, but not limited to, provisions for planning, open competition, filing and filing period. (March 21, 2005) <p>In addition, the agency immediately established a clear definition on how many hours constitutes a day. All existing affected contracts were amended to reflect this clarified definition and the involved contractors were notified of the change. New contracts will include the revised definition.</p> <p>All monthly payment requests for work performed, as received from the contractors, will be supported by a timekeeping and accountability application as an additional control. This will ensure OSPI has received appropriate services prior to payment and prior to requests for federal reimbursement. This documentation will be collected in addition to the quarterly performance reports submitted by each contractor indicating the work completed to date.</p> <p>Completion Date:</p> <p>Estimated, July 2005</p>	<u>CFDA #</u>	<u>Amount</u>	84.010	\$0	
<u>CFDA #</u>	<u>Amount</u>						
84.010	\$0						

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Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan					
04	32	Finding:	The Department of Social and Health Services, Mental Health Division, did not comply with state and federal regulations when it inappropriately paid fixed administrative expenditures in advance of services for the Community Mental Health Services Block Grant.				
		Questioned Costs:	<table><tr><td><u>CFDA #</u></td><td><u>Amount</u></td></tr><tr><td>93.958</td><td>\$72,000</td></tr></table>	<u>CFDA #</u>	<u>Amount</u>	93.958	\$72,000
		<u>CFDA #</u>	<u>Amount</u>				
		93.958	\$72,000				
		Status:	Corrective action in progress				
Corrective Action:	The Mental Health Division will develop and implement policies and procedures, along with a mechanism for oversight, required to comply with state and federal regulations and preclude advance payment of administrative expenditures.						
Completion Date:	Estimated, June 2005						

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Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan					
04	33	Finding:	The Department of Social and Health Services does not have adequate internal controls over the processing of expenditures through the Agency Financial Reporting System.				
		Questioned Costs:	<table><tr><td><u>CFDA #</u></td><td><u>Amount</u></td></tr><tr><td>Not Specified</td><td>\$0</td></tr></table>	<u>CFDA #</u>	<u>Amount</u>	Not Specified	\$0
<u>CFDA #</u>	<u>Amount</u>						
Not Specified	\$0						
		Status:	Corrective action in progress				
		Corrective Action:	<p>The Department did not concur with the finding. Given the size and the decentralization of the Department, reliance must be placed on management throughout the agency for notification as well as implementation and employment of established controls. The Department has compensating controls in place.</p> <ul style="list-style-type: none">• One of these controls requires an individual independent of input and release to reconcile the output data to the input data. The Financial Services Administration (FSA) will request Operations Review and Consultation to perform random checks at various locations throughout the state to ensure this control is in place and operating.• The use of V0D1 (one time payments to vendors that do not require tax information) is monitored closely. On a quarterly basis, the Office of Accounting Services (OAS) sends to each Fiscal Program Manager for review a V0D1 report that lists all payments made that quarter. The program is responsible to ensure that payments are accurate and for only prescribed V0D1 purposes.• In October 2004, the Department consolidated the filing of forms submitted relating to access requests, changes, and deletions to facilitate more effective management of access to the system.• FSA has obtained an electronic file of all Agency Financial Reporting System (AFRS) User IDs as well as all mainframe Resource Access Control Facility (RACF) User IDs and matched the two files for comparison and research. The AFRS User IDs file was also matched against current employees in an effort to identify and resolve discrepancies. This helped to eliminate specific existing problems prior to moving forward with stronger controls and more agency-wide awareness of the process. As the list changes daily, a baseline was established and the discrepancy resolution was redone in October 2004.				

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Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan
04	33 (Cont'd)	<p>Corrective Action:</p> <ul style="list-style-type: none"> FSA will develop and implement a more streamlined and user-friendly form for managers to use to request, change or delete access by August 2005. FSA will consult with the Information Systems Services Division (ISSD) to better coordinate and streamline the process of notifications on requests for access, changes and deletions by May 2005. Currently, FSA coordinates the AFRS access while the ISSD coordinates the mainframe (RACF) access. AFRS access cannot be used without mainframe (RACF) access. FSA will also be searching for the most efficient and practical methods of responsibility relating to coordination of the RACF and AFRS access. <p>The procedure to verify input document to the AFRS turnaround report has been in place for years. These controls will be reiterated to Department accounting staff by June 2005 through the following methods:</p> <ul style="list-style-type: none"> FSA developed a detailed instruction for broad communication (the LISTSERVE) and posting on its website within the Department's Financial Business Rules and Processes Manual. This instruction will outline the processes and the importance of access relevance versus risk. The document includes a discussion on the use of additional compensating controls if system controls for segregation are not used. Such as: <ul style="list-style-type: none"> Independent review and approval of payment documents and supporting documents. Independent review and documentation of transaction register and/or warrant register review and reconciliation. Review and correction of payments hitting the error file. FSA has requested Operations Review and Consultation perform random checks at various locations throughout the state to ensure these controls are in place and operating. This will be included in the Department's FY 2006 Audit and Consultation Plan. <p>FSA/OAS has worked closely with the Office of Financial Management (OFM) representatives to explore alternative system controls that may mitigate the risk of not using the current system segregation controls.</p> <p>Completion Date: Estimated, August 2005</p>

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Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan					
04	34	Finding:	The Department of Social and Health Services does not have adequate internal controls over the Social Service Payment System.				
		Questioned Costs:	<table><tr><td><u>CFDA #</u></td><td><u>Amount</u></td></tr><tr><td>Not Specified</td><td>\$0</td></tr></table>	<u>CFDA #</u>	<u>Amount</u>	Not Specified	\$0
<u>CFDA #</u>	<u>Amount</u>						
Not Specified	\$0						
		Status:	Corrective action in progress				
		Corrective Action:	<p>No software for the UNYSIS mainframe is currently available. The Department continues to seek new security software. Current front-end systems utilize technology that records who was logged into the front-end system at the time of use.</p> <ul style="list-style-type: none">• The Social Service Payment System (SSPS) front-end rewrite “WebConnect” will limit access by incorporating hardened passwords, changed every 90 days, into the authorization process that correctly identifies the authorizer. A permission screen and “lock-out” mechanism will be part of the new SSPS front-end design. The system will also block payment to ineligible providers. The rewrite is to be implemented by December 2005.• A systematic operator ID purge has begun with completion expected by June 2005. It includes:<ul style="list-style-type: none">○ Elimination of unused and excess operator IDs.○ Updates using Department of Personnel’s (DOP) employment termination/change lists.○ Programs no longer requiring an operator ID will be tracked and their operator IDs purged.• Having determined that Operator Ids could not be replaced by the use of Windows “Active Directory,” SSPS has embarked on creating its own directory for access security. The new directory is scheduled for implementation with the SSPS web interface in December 2005.• “Generic” IDs and passwords allowing access to controlled subroutines in the Information System Services Division (ISSD) database were searched for IDs with non-conforming routines. They were either removed or corrected along with a list provided by the State Auditors office in March 2005. “Generic operator IDs” will be eliminated as each of the divisions completes their own case management systems by December 2005. <p>(Continued)</p>				

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Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan
04	34 (Cont'd)	<p>Corrective Action:</p> <ul style="list-style-type: none"> • Multiple IDs have been removed from the system and ISSD has been running a monthly diagnostics on the operator ID database to ensure there are no duplicates since January 2005. • Since January 2005, the SSPS office and ISSD have reviewed DOP information to ensure that employees who leave or move to a new job function within state service are removed from the ISSD database and the SSPS Worker ID file. • The SSPS office continues to work with ISSD staff to remove non-related subroutine access. ISSD formulated specific authorization access coding and subroutines to limit authorization access in January 2005. • The SSPS office reduced access to the Provider File to only those whose job functions require Provider File access. Provider File access rights have been transferred to the Provider File Supervisor since January 2005. • SSPS has a new combination Structured Query Language and Access database system to prepare documents, record payments, and store payment history. This information will be downloaded into the system and files shared with the Office of Accounting Services (OAS) by September 2005. The database system will also be used for automatic entry and storage of A-19 invoice data to be shared in electronic files with the SSPS, OAS, and the Agency Financial Reporting System (AFRS). • OAS and the SSPS office are working on a tax accounting database to handle all reconciliation processes by January 2006. It will have the ability to electronically reconcile expenditures through AFRS. Federal tax forms, W2s and W9s, will be required of providers starting July 2005. • Specific reconciliation information is on the SSPS web page. All SSPS training includes instruction in the reconciliation process. The SSPS office prepared a Best Practices reconciliation memo that was distributed in May 2004. <p>(Continued)</p>

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Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan
04	34 (Cont'd)	<p>Corrective Action:</p> <ul style="list-style-type: none">• ISSD will assess if it can devise a program that electronically controls or locks the system by August 2005. Their goal is manage real time access to track what changed and who made the change.• A new Provider File Unit centralized all data input from field staff late 2003. Social Security Administration's (SSA) free employee verification service was being used at the time of the audit. The Provider File Unit confirms all IRS tax ID numbers, and has added several new checks to continue to bring down the error rate which will be determined by December 2006. These checks include:<ul style="list-style-type: none">○ IRS Individual Taxpayer Identification Number matching site for Social Security Number (SSN) and Employer Identification Number information.○ Calling SSA to verify questionable or duplicate numbers.○ Reviewing the IRS Error List and making corrections after verifying the information.○ Checking the Social Security Death Index each time there is an indication that the SSN is that of a deceased individual.○ The SSPS office signed an agreement with the State Auditor's Office to process SSPS files through their death check process.• The new Medicaid Management Information System will provide full compliance in 2008 for the few Health Insurance Portability and Accountability Act services now paid through SSPS. <p>Completion Date: Estimated, December 2008</p>

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Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan																	
04	35	Finding:	The Department of Social and Health Services, Economic Services Administration, does not enter accurate information in its Random Moment Time Sample to ensure administrative costs are properly charged to federal and state funds.																
		Questioned Costs:	<table><tr><td><u>CFDA #</u></td><td><u>Amount</u></td></tr><tr><td>10.561</td><td>\$ 29,483,273</td></tr><tr><td>93.558</td><td>26,676,581</td></tr><tr><td>93.566</td><td>1,791,777</td></tr><tr><td>93.596</td><td>6,248,951</td></tr><tr><td>93.667</td><td>4,475,373</td></tr><tr><td>93.778</td><td><u>32,640,285</u></td></tr><tr><td>Total</td><td>\$101,316,240</td></tr></table>	<u>CFDA #</u>	<u>Amount</u>	10.561	\$ 29,483,273	93.558	26,676,581	93.566	1,791,777	93.596	6,248,951	93.667	4,475,373	93.778	<u>32,640,285</u>	Total	\$101,316,240
<u>CFDA #</u>	<u>Amount</u>																		
10.561	\$ 29,483,273																		
93.558	26,676,581																		
93.566	1,791,777																		
93.596	6,248,951																		
93.667	4,475,373																		
93.778	<u>32,640,285</u>																		
Total	\$101,316,240																		
		Status:	Corrective action in progress																
		Corrective Action:	<p>The Department will Post a memo to all employees on Economic Services Administration’s web page iESA describing the Random Moment Time Sample (RMTS) process and requirements and conduct training classes for the RMTS Coordinators by June 2005.</p> <p>The Department will revise the RMTS instructions and distribute them to all staff that are eligible to be selected for the RMTS by June 2005. The Field Fiscal Services Administrator will attend regional Community Service Office (CSO) Administrator meetings to discuss the RMTS process and review the roles and responsibilities of the administrators, emphasizing the requirement that the RMTS is to be completed according to the instructions by June 2005.</p> <p>Starting in March 2005, the Department began an audit of the RMTS documents for two CSOs on a monthly basis and will immediately notify the CSO Administrator and Regional Administrator of corrective action that is needed to bring the RMTS process into line with the requirements of the program.</p> <p>(Continued)</p>																

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Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan	
04	35 (Cont'd)	Corrective Action:	The Field Fiscal Services Administrator will conduct a review of the questioned samples to determine the impact on the distribution of the program support expenditures to the various programs if the questioned samples were excluded from the distribution methodology. The review is scheduled to be complete by May 2005.
		Completion Date:	Estimated, June 2005

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Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan					
04	36	Finding:	The Department of Social and Health Services did not comply with federal requirements for an independent peer review of the Community Mental Health Services Block Grant.				
		Questioned Costs:	<table><tr><td><u>CFDA #</u></td><td><u>Amount</u></td></tr><tr><td>93.958</td><td>\$0</td></tr></table>	<u>CFDA #</u>	<u>Amount</u>	93.958	\$0
<u>CFDA #</u>	<u>Amount</u>						
93.958	\$0						
		Status:	Corrective action in progress				
		Corrective Action:	The Mental Health Division has petitioned the federal grantor for an exception or to change its regulation requiring an independent peer review.				
		Completion Date:	Estimated, June 2005				

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Department of Community, Trade and Economic Development (CTED)

Fiscal Year	Finding Number	Finding and Corrective Action Plan					
04	37	Finding:	The Department of Community, Trade and Economic Development did not comply with federal requirements for suspension and debarment.				
		Questioned Costs:	<table><tr><td><u>CFDA #</u></td><td><u>Amount</u></td></tr><tr><td>14.239</td><td>\$0</td></tr></table>	<u>CFDA #</u>	<u>Amount</u>	14.239	\$0
<u>CFDA #</u>	<u>Amount</u>						
14.239	\$0						
		Status:	Corrective action complete				
		Corrective Action:	CTED disagrees with the finding. The Housing Repairs and Rehabilitation Program refers in its contracts to Executive Order 12546, <u>Debarment and Suspension</u> , as well as requiring contractors to certify that neither the organization nor its principals are suspended or debarred. The contract also prohibits the contractor from entering into contracts with parties that are suspended or debarred. The contractors for the Tenant Based Rental Assistance program are responsible for the determination of low-income family eligibility to receive rental assistance and pay for the family's rent with vouchers directly to landlords. They do not deal with lower tier contractors.				
		Completion Date:	December 31, 2004				

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Department of Community, Trade and Economic Development (CTED)

Fiscal Year	Finding Number	Finding and Corrective Action Plan							
04	38	Finding:	The Department of Community, Trade and Economic Development did not comply with federal requirements for time and effort reporting.						
		Questioned Costs:							
			<table><tr><th><u>CFDA #</u></th><th><u>Amount</u></th></tr><tr><td>93.568</td><td>\$56,500 (Between the two programs)</td></tr><tr><td>93.569</td><td></td></tr></table>	<u>CFDA #</u>	<u>Amount</u>	93.568	\$56,500 (Between the two programs)	93.569	
<u>CFDA #</u>	<u>Amount</u>								
93.568	\$56,500 (Between the two programs)								
93.569									
		Status:	Corrective action complete						
		Corrective Action:	Employees that work on more than one program have been charging their time based on actual time spent on various projects since December 31, 2004.						
		Completion Date:	December 31, 2004						

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Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan
04	39	<p>Finding: The Department of Social and Health Services, Division of Vocational Rehabilitation, did not comply with federal time and effort reporting requirements for its Rehabilitation Services grant.</p> <p>Questioned Costs: <u>CFDA #</u> 84.126 <u>Amount</u> \$89,750</p> <p>Status: Corrective action complete</p> <p>Corrective Action: <u>DSHS issues departmental policy.</u> The Department Accounting Policy Management Board issued Fiscal Policy 50.01, <i>Federal Compliance With Time Allocation/Certification</i>, on July 1, 2004. The Policy mandates federal Office of Management and Budget (OMB) Circular A-87 standards for time and effort reporting effective the issuance date.</p> <p>The Division of Vocational Rehabilitation (DVR), which administers the Rehabilitation Services Grant, has implemented the requirements of that policy.</p> <p><u>Time and effort reporting for employees working full-time on the Rehabilitation Services Grant</u> This is a repeat finding (03-18) from the Single Audit for the fiscal year ending June 30, 2003. In response to the fiscal year 2003 finding, a corrective action plan was immediately developed and implemented. Semi-annual certifications have been completed for all salaried and part-time employees beginning with the six-month period October 1, 2004, to March 31, 2005.</p> <p>DSHS received a program determination letter from Region X of the Rehabilitation Services Administration (RSA) that recognized the new DSHS policy and re-emphasized the need for meeting the A-87 standards for individuals working 100% on the RSA grant. The letter asked for any additional information on implementation of the six-month certification requirement. On February 25, 2005, DVR advised Region X of RSA that Fiscal Policy 50.01 had been amended to clarify supervisory positions eligible to complete certification of the time and effort reporting forms. For DVR that meant the Director of DVR would have to formally designate supervisors to perform the required certification. The new designation policy went into effect April 1, 2005.</p> <p>(Continued)</p>

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Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan
04	39 (Cont'd)	<p>Corrective Action:</p> <p><u>Time and effort reporting for employees charging part of their time to the Rehabilitation Services Grant</u></p> <p>DSHS Fiscal Policy 50.01, adopted and implemented effective July 1, 2004, states that those individuals working in multiple activities or cost objectives, not covered by random moment surveys or a cost basis in the federally approved cost allocation system, are to have a distribution of salaries and wages based on personnel activity reports or equivalent documentation. Personnel activity reports must:</p> <ul style="list-style-type: none">• Meet the standards within OMB Circular A-87• Reflect after the fact distribution of actual activity time• Account for the total activity for which the employee is compensated• Be signed by both the employee and their immediate supervisor <p>The personnel activity reports are used to allocate the employee's salaries and wages on the P4 payroll document or, when necessary, provide the basis for adjusting allocated to actual salaries and wages by journal voucher.</p> <p>Completion Date: April 1, 2005</p>

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Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan	
04	40	<p>Finding: The Department of Social and Health Services, Juvenile Rehabilitation Administration did not comply with federal requirements for time and effort reporting for the Juvenile Accountability Incentive Block Grant Program.</p> <p>Questioned Costs: <u>CFDA #</u> <u>Amount</u> 16.523 \$565,000</p> <p>Status: Corrective action complete</p> <p>Corrective Action: The Juvenile Rehabilitation Administration (JRA) implemented the requirements of the Department's Fiscal Policy 50.01, <i>Federal Compliance with Time Allocation/Certification</i> in February 2005. Semi-annual certifications have been completed for salaried and part-time employees for both the current period and the audit review period. JRA employees who work on multiple activities now keep daily timesheets on their activities.</p> <p>JRA does not concur with the questioned payroll costs. It is the administration's position that these funds were expended appropriately within the purpose areas of the federal grant.</p> <p>Completion Date: February 28, 2005</p>	

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Military Department

Fiscal Year	Finding Number	Finding and Corrective Action Plan							
04	41	<p>Finding:</p> <p>The Military Department did not comply with federal requirements for time and effort reporting in the State Domestic Preparedness Equipment Support Program.</p> <p>Questioned Costs:</p> <table><tr><td><u>CFDA #</u></td><td><u>Amount</u></td></tr><tr><td>16.007</td><td>\$75,000 (between the two programs)</td></tr><tr><td>97.004</td><td></td></tr></table> <p>Status:</p> <p>Corrective action complete</p> <p>Corrective Action:</p> <p>During the audit year ending June 30, 2004, the Washington Military Department placed in operation a time and effort policy and related procedures. The policy and procedures state clearly that actual time will be reported. (March 2004)</p> <p>To strengthen the implementation of the time and effort policy and procedure, an additional process was instituted that required the Payroll Section to forward any timesheets suspected of being constructed on budgeted time to the Accounting Manager. In turn, the Accounting Manager is obligated to bring the suspect timesheets to the attention of the Emergency Management Division (EMD) Chief of Staff. (January 3, 2005)</p> <p>The EMD Chief of Staff is also directly monitoring timesheets. The monitoring of timesheets by the EMD Chief of Staff has already resulted in timesheets being returned to supervisors and staff to be corrected to report actual time.</p> <p>Completion Date:</p> <p>January 3, 2005</p>	<u>CFDA #</u>	<u>Amount</u>	16.007	\$75,000 (between the two programs)	97.004		
<u>CFDA #</u>	<u>Amount</u>								
16.007	\$75,000 (between the two programs)								
97.004									

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Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan					
04	42	Finding:	The Department of Social and Health Services, Economic Services Administration, does not adequately monitor other state agencies to which it provides funds from the federal Temporary Assistance to Needy Families Program.				
		Questioned Costs:	<table><tr><td><u>CFDA #</u></td><td><u>Amount</u></td></tr><tr><td>93.558</td><td>\$0</td></tr></table>	<u>CFDA #</u>	<u>Amount</u>	93.558	\$0
<u>CFDA #</u>	<u>Amount</u>						
93.558	\$0						
		Status:	Corrective action complete				
		Corrective Action:	As of March 2005, the Division of Employment and Assistance Programs (DEAP) began a program of monitoring all billings. DEAP will randomly select a sample of the clients served during the period covered for each partner-agency's bill. The DEAP WorkFirst Program Manager will then make on-site monitoring visits to each of the contracted partner-agencies (State Board for Community and Tech Colleges, Community Trade and Economic Development, and Employment Security Department) to verify the correctness of the sample billing information. DEAP staff will follow-up on monitoring notes on individual cases served and maintain records of the verification process.				
		Completion Date:	March 31, 2005				

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Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan					
04	43	Finding:	The Department of Social and Health Services, Juvenile Rehabilitation Administration is not complying with subrecipient monitoring requirements for the Juvenile Accountability Incentive Block Grant.				
		Questioned Costs:	<table><tr><td><u>CFDA #</u></td><td><u>Amount</u></td></tr><tr><td>16.523</td><td>\$0</td></tr></table>	<u>CFDA #</u>	<u>Amount</u>	16.523	\$0
<u>CFDA #</u>	<u>Amount</u>						
16.523	\$0						
		Status:	Corrective action complete				
		Corrective Action:	<p>The Juvenile Rehabilitation Administration (JRA) implemented the requirements of the Department’s Administrative Policy 13.14, <i>Identifying and Managing Federal Subrecipient Contracts and Agreements</i> in February 2005.</p> <p>The Juvenile Accountability Incentive Block Grant (JABG) Program Site Review form, which is completed during each on-site visit annually, was revised in January 2005 to include a review of financial information. This review includes all support cost documentation for reimbursement claims for a specific time period. Visits are scheduled with each site by the Program Administrator, or in the case of some remote sites, the Juvenile Rehabilitation Administration regional administrator for the region in which the site resides.</p>				
		Completion Date:	February 28, 2005				

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Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan	
04	44	<p>Finding: The Department of Social and Health Services, Health and Rehabilitative Services Administration, does not adequately monitor its subrecipients for the Community Mental Health Services Block Grant.</p> <p>Questioned Costs: <u>CFDA #</u> <u>Amount</u> 93.958 \$0</p> <p>Status: Corrective action in progress</p> <p>Corrective Action: The Mental Health Division (MHD) began implementing Department Administrative Policy 13.14, <i>Identifying and Managing Federal Subrecipient Contracts and Agreements</i>, in April 2005.</p> <p>MHD will develop a contract monitoring process in accordance with federal regulations for all contracts, including, but not limited to, the Mental Health Block Grant contracts by June 2006. This process will include on-site reviews when the risk matrix identifies that monitoring is appropriate. A workgroup has been appointed to facilitate this process.</p> <p>MHD will take the necessary steps to re-establish itself on the distribution list for State, County and Independent audits by June 2005. These reports when received will be reviewed for corrective action items related to sub-recipients of federal funds.</p> <p>Completion Date: Estimated, June 2006</p>	

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Military Department

Fiscal Year	Finding Number	Finding and Corrective Action Plan							
04	45	<p>Finding:</p> <p>The Military Department does not have adequate internal controls to ensure compliance with regulations regarding purchases for, contracting with, and monitoring of its subrecipients in the State Domestic Preparedness Equipment Support Program.</p> <p>Questioned Costs:</p> <table><tr><td><u>CFDA #</u></td><td><u>Amount</u></td></tr><tr><td>16.007</td><td>\$0</td></tr><tr><td>97.004</td><td></td></tr></table> <p>Status:</p> <p>Corrective action in progress</p> <p>Corrective Action:</p> <p><u>Purchases for subrecipients</u> All purchases are now processed on the Military Department’s automated Purchase Order System (POS), which requires an electronic approval from a manager or authorized official. In addition, the Chief of Staff for EMD provides electronic authorization for all Homeland Security equipment purchases. (July 1, 2004)</p> <p><u>Contracting with and monitoring of subrecipients</u> An oversight management group was established to direct the development and implementation of a subrecipient monitoring policy and related procedures. The comprehensive written agency policy and procedures were completed in April 2005. Training will be provided to program staff that will be involved in monitoring sub-recipients. The progress of implementing the policy and procedures is being reported to the director on a monthly basis until fully operational.</p> <p>Completion Date:</p> <p>Estimated, June 2005</p>	<u>CFDA #</u>	<u>Amount</u>	16.007	\$0	97.004		
<u>CFDA #</u>	<u>Amount</u>								
16.007	\$0								
97.004									

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University of Washington (UW)

Fiscal Year	Finding Number	Finding and Corrective Action Plan									
04	46	Finding:	The University of Washington did not comply with federal grant requirements for two of its research and development programs.								
		Questioned Costs:	<table><tr><td><u>CFDA #</u></td><td><u>Amount</u></td></tr><tr><td>93.846</td><td>\$16,517</td></tr><tr><td>93.856</td><td><u>19,992</u></td></tr><tr><td>Total</td><td>\$36,509</td></tr></table>	<u>CFDA #</u>	<u>Amount</u>	93.846	\$16,517	93.856	<u>19,992</u>	Total	\$36,509
<u>CFDA #</u>	<u>Amount</u>										
93.846	\$16,517										
93.856	<u>19,992</u>										
Total	\$36,509										
		Status:	Corrective action complete								
		Corrective Action:	<ol style="list-style-type: none">Questioned costs were removed from the federal grants and transferred to appropriate sources:<ul style="list-style-type: none">Center for AIDS and Sexually Transmitted Diseases (STD) (93.856) - \$19,992 transferred July 8, 2004.Department of Radiology (93.846) - \$16,517 transferred August 23, 2004.New internal control mechanisms implemented:<ul style="list-style-type: none">Center for AIDS/STD – August 15, 2004.Department of Radiology – November 10, 2004.Additional corrective action taken at Center for AIDS/STD<ul style="list-style-type: none">New staff hired (1.5 FTEs) to provide more oversight on financial activities – November 1, 2004.Employees cross-trained and responsibilities redistributed to provide more back-up support – February 28, 2005.								
		Completion Date:	February 28, 2005								

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Employment Security Department (ESD)

Fiscal Year	Finding Number	Finding and Corrective Action Plan					
04	47	Finding:	The Employment Security Department does not have adequate internal controls over the reporting of grant expenditures on the Schedule of Expenditures of Federal Awards.				
		Questioned Costs:	<table><tr><td><u>CFDA #</u></td><td><u>Amount</u></td></tr><tr><td>17.245</td><td>\$0</td></tr></table>	<u>CFDA #</u>	<u>Amount</u>	17.245	\$0
<u>CFDA #</u>	<u>Amount</u>						
17.245	\$0						
		Status:	Corrective action in progress				
		Corrective Action:	<p>Effective July 1, 2004, all Trade Act benefit transactions have been recorded properly in the department's accounting system under CFDA 17.245.</p> <p>Additional account codes were created to allow for more detailed tracking of benefit expenditures. This change will remove any confusion over the CFDA codes to be used for reporting and will give the Department the ability to accurately report Federal benefits issued at the needed detail level. It will also allow the Department to accurately report Trade Act activities on the Schedule of Expenditures of Federal Awards (SEFA). In addition, a monthly reconciliation of Trade Act benefit expenditures will be performed to ensure all entries are correct. (Estimated, June 2005)</p> <p>The Department's Fiscal Year 2004 SEFA data was corrected to reflect the actual revenue and expenditure amounts for the Trade Act program. The corrected expenditure amount will appear in the SEFA for the FY 04 State of Washington Federal Single Audit. (April 2005)</p>				
		Completion Date:	Estimated, June 2005				

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Employment Security Department (ESD)

Fiscal Year	Finding Number	Finding and Corrective Action Plan					
04	48	Finding:	The Employment Security Department did not comply with federal requirements for time and effort reporting.				
		Questioned Costs:	<table><tr><td><u>CFDA #</u></td><td><u>Amount</u></td></tr><tr><td>17.245</td><td>\$130,515</td></tr></table>	<u>CFDA #</u>	<u>Amount</u>	17.245	\$130,515
<u>CFDA #</u>	<u>Amount</u>						
17.245	\$130,515						
		Status:	Corrective action in progress				
		Corrective Action:	<p>Time charges questioned by the auditors in this finding pertained to two components of the same program - Trade Act - TAA and NAFTA. Funding for NAFTA has subsequently been discontinued as of June 30, 2004. As such, time reporting between these components is no longer an issue.</p> <p>In response to this finding, the WorkSource Operations Division will be working with the regional offices to reinforce the agency message to all staff in the local offices on the importance of accurate time and effort reporting among all federal programs.</p> <p>In addition, the Division will be conducting refresher training for all managers and supervisors statewide to ensure understanding of the Commissioner’s Memo on “Accurate Time Reporting” dated July 22, 2003. (Estimated, June 2005)</p> <p>Statewide, the staff identified through this review are now aware that their time is to be charged on a daily basis and is distributed by project codes that reflect actual activities performed. They will fill out their time sheets and use proper charge codes according to the duties performed each day.</p>				
		Completion Date:	Estimated, June 2005				

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Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan					
04	49	Finding:	The Department of Social and Health Services' Medical Assistance Administration (MAA) did not comply with allowability and reporting requirements for the State Children's Health Insurance Program.				
		Questioned Costs:	<table><tr><td><u>CFDA #</u></td><td><u>Amount</u></td></tr><tr><td>93.767</td><td>\$26.3 million</td></tr></table>	<u>CFDA #</u>	<u>Amount</u>	93.767	\$26.3 million
<u>CFDA #</u>	<u>Amount</u>						
93.767	\$26.3 million						
		Status:	Corrective action in progress				
		Corrective Action:	<p>The Department agrees with the auditor's findings.</p> <p><u>Base requests for federal Program reimbursements on actual rather than estimated payments for Medicaid-eligible children whose family incomes fall within certain limits.</u></p> <p>MAA is currently using only actual payments to calculate reimbursement amounts. The Program stopped using estimates as of June 30, 2004. On April 25, 2005, MAA completed calculating the overcharge as a result of using estimates (approximately \$1.0 million). The precise amount will be returned to CMS on the quarterly report due July 31, 2005.</p> <p><u>Ensure payments made for prenatal services are provided only after the effective date of the State Plan amendment, November 12, 2002.</u> Internal controls have been established to ensure no payments are made prior to authorizing Plan amendments. Payments made before the State Plan amendment approval will be returned to the Centers for Medicare and Medicaid Services (CMS) on the quarterly report due July 31, 2005.</p>				
		Completion Date:	Estimated, July 2005				

